FISHERY
Sector Profile

URUGUAY

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THE CANADIAN TRADE COMMISSIONER SERVICE

Market Overview

URUGUAY'S ECONOMY

Uruguay has a population of 3.3 million inhabitants distributed in an area of 176,215 sq. km. Of this total population 1.3 million people make up the economically active population. Annual Gross Domestic Product totals U$S 20 billion, with a per capita GDP of about U$S 6,000.

Exports of goods normally exceeds U$S 2.3 billion in value and imports U$S 3.3 billion. Net income for services –primarily tourism- totals over U$S 600 million. Uruguay is strongly dependent on the MERCOSUR region, a trade bloc which it is a member of.

Uruguay's economy grew steadily during the 1990's, but has been suffering a recession since 1999 as a result of the regional crisis which began in Brazil and was aggravated by the current situation in Argentina.

URUGUAY'S FISHERY INDUSTRY MARKETS

Since the mid 1970s, Uruguay's fishery industry developed under a promotional scheme.

The fishery sector constitutes, due to its very nature, a value chain composed of two different phases forming a system: the capture -or primary- phase, and the industrial -or secondary- phase; and these, together with a range of support services -which include transportation, commercialization and other activities- form a production complex.

The industrial phase, in turn, is composed of three cycles: the first cycle is freezing; the second cycle involves evisceration and other physical processing that make it possible to obtain a standard frozen product; and the third cycle is the production of processed foods. In Uruguay, few companies have moved into the third cycle, and only partially.

2.1. Primary Phase

Uruguay exploits natural fishery resources in the south-west Atlantic Ocean, primarily in the Common Fishing Area, established with Argentina under the Treaty of the Río de la Plata and its Ocean Front, an area where no less than thirty demersal and pelagic species are caught, some of highly commercial value.

The fishery resources which Uruguay has access are cold water species and the country's estimate output from fishing activities is more than 150,000 metric tons a year.

Annual average catch totals 140,000 tons. The main species fished are hake, corvina and weakfish.

The fishing system is formed by 113 vessels from the industrial fleet, belonging to some twelve shipowner companies and a few of the plants (the latter operate with an intra-firm vertical integration), and 461 vessels from the artisanal fleet.

Uruguay's Fishing Fleet					
Type of Fleet	**Number of Vessels**	**Tonnage (GRT)**	**Power (hp)**	**Length (m)**	**Crew**
TOTAL	**574**	**45,268**	**101,450**	**6,423**	**2,541**
Artisanal Fleet	**461**	**643**	**6,337**	**2,340**	**1,001**
Industrial Fleet	**113**	**44,625**	**85,386**	**3,458**	**1,471**

Approximately 1,500 people are employed in catching activities. The main fishing ports are Montevideo (95% of total catch) and La Paloma (2 - 3% of catch).

The exploitation scheme used is nearing its limits, leading to stagnation in production.

The volume of catch has remained steady at 140,000 tons, but this has been in detriment of traditional species, privileging non-traditional species (red crab, Atlantic pomfret, sea snails, sole, etc.), which has been possible through new investments which have proved profitable. However, with the reduction in the volume of traditional resources –hake, in particular - several investments have been discontinued, remaining in business only those companies which were able to convert. The excess in fishing efforts in Argentina would explain the reduction in hake catch.

Aquaculture

There is a budding development of aquaculture as a sector of production in coastal areas and inland waters.

In late 1996, the National Direction of Water Resources launched a fish planting program in public domain waters. Over the last few years, more than three million fishes have been released in rivers, streams, lakes and reservoirs with repopulation purposes, enabling growth of existent fish populations in these environments.

These fish farming programs were implemented in answer to requests from the Municipalities of Colonia, Durazno, Flores, Maldonado, Paysandú, Rivera, Rocha, Salto and Tacuarembó.

Moreover, since 1997 several requests for the release of fish in private waters have been answered, having planted over two million fish.

Taking advantage of the weather and environmental conditions of the lakes of the Rio Negro basin –which use the hydroelectric power stations- a successful caviar production and sturgeon culture experience was carried out in this region, with the aim of exporting production output. The company Esturiones del Río Negro S.A. invested US$ 3 million and began breeding from fertilized eggs brought over from Russia. At present, the company is exporting caviar to the United States.

2.2. Industrial Phase

Approximately 85% of the fish caught is processed industrially.

There are a little over 30 companies engaged in industrial fish processing activities. The most predominating are first and second cycle plants (freezing, evisceration and other processes). Gross Production Value for the sector's industrial phase in Uruguay amounts to approximately 120 million dollars a year.

The fishery industry employs over 2,300 workers, down from a workforce of 5,200 in 1991, a reduction produced by the shutting down of several industrial plants over this period.

This phenomenon reflects the unfavorable situation faced by the traditional-species-based industry and the rise in imports of new species of greater value, which are generally exported with less industrial value added.

Investments were mainly carried out in the 1970s and 80s, with strong financial support from the government. In the last few years investments have been hardly significant.

Primary Phase–Secondary Phase Articulation

Articulation between the catch and industrial phases has been unproblematic. In general, through practical experience and the use of multiple means, links have been established between ships and plants, providing certain stability to the chain.

However, there is a problem connected with the method by which the product is prepared in the catch phase, which limits the possibilities for its industrial processing. The excess of weight between the fish and ice packed in a box diminishes the quality of the raw material, thus limiting the product that can be obtained. But, due to the differences in the quality of the raw material received by the plants, the industrial phase is forced to take on thirty items of production.

2.3. Consumption

In spite of the dynamic activity attained by the fishery sector in Uruguay, domestic consumption of fish is still low: 9 kilograms a year per capita. Fish consumption has not been able to replace beef or poultry consumption –the latter having grown significantly over the last two decades.

The main destination for fishery production is exports. The problem here is that, due to low domestic consumption, the national market cannot play a mitigating role when problems arise in foreign trade. In addition to consuming small volumes of fish, unlike in other export items the domestic market only consumes the highest quality products. Thus it does not absorb export leftover production, as is the case with citric fruits, for example, and this prevents the sector from obtaining greater profits.

Nonetheless, domestic demand in this sector constitutes an opportunity as it evidences a dynamism which it did not have years before.

2.4. Exports

Uruguay exports for a value of approximately 100 million dollars, with an upward trend over the last decade. These exports have focused on two species: hake and corvina, although the participation of this species has been declining. This reduction has been particularly significant in the case of hake catch.

Uruguayan Exports of Fish (in millions of US dollars)						
Products	**1996**	**1997**	**1998**	**1999**	**2000**	**2001**
Fresh and Chilled Fish (except fillets)	**19.7**	**19.0**	**14.4**	**10.0**	**14.8**	**14.8**
Frozen Fish (except fillets)	**32.1**	**41.3**	**46.7**	**41.6**	**40.1**	**44.9**
Fillets and Other Fish Meat	**39.1**	**34.2**	**49.1**	**35.2**	**29.2**	**27.7**
Dried Fish, Salted or Brined	**0.6**	**1.3**	**2.3**	**0.9**	**0.9**	**1.2**
Mollusks	**4.2**	**9.5**	**6.7**	**11.0**	**10.6**	**9.3**
Crustaceous	**4.7**	**5.8**	**6.0**	**8.6**	**10.2**	**5.6**
TOTAL	**100.5**	**110.9**	**125.1**	**107.3**	**104.2**	**103.6**
Source: Dirección Nacional de Aduanas (National Customs Direction)						

The main destinations of exports are: firstly, the MERCOSUR and secondly, the European Union, although these destination rank differently in terms of volume as each market purchases different quality goods which do not have the same value. The European Union imports, in average, the highest value fish products from Uruguay.

Brazil buys substantial volumes from Uruguay, which vary according to that country's economic conditions and Uruguay's supply. These variations are a cause of frequent problems: when Brazil purchases greater quantities it distorts local industry prices, and when it reduces the volumes imported from Uruguay it causes problems in the catch phase, due to excess supply in the domestic market (as Brazil generally purchases fresh products).

The problems the sector faces in terms of competition in international markets arise from the fact that other exporters in the region –namely, Argentina– compete supported by certain types of subsidies, while Asian countries re-process frozen raw material from Uruguay to compete later in the US market, with significant differences in costs.

2.5. Entities Connected with the Sector

The ***Dirección Nacional de Recursos Acuáticos*** or National Direction of Water Resources (formerly the Instituto Nacional de Pesca or National Fishery Institute), an agency of the Ministry of Livestock, Agriculture and Fishery, is the regulating body of the fishery sector.

Its jurisdiction includes Health and Quality Certification of Fishery Products which are produced in Uruguay and exported from the country, as well as imported Fishery Products.

Among the services rendered by this body are the following: granting of fishing permits, authorizing fishery companies, permits for importing aquatic, ornamental and exotic species, sale of seedlings for repopulation of bodies of water and aquaculture, and advisory for aquaculture.

BUSINESS OPPORTUNITIES

The business opportunities available in Uruguay's fishery sector are connected with:

- The incipient development of new fishery activities.
- The potential transformation of traditional fishery activities.
- International commercialization of Uruguayan fishery products.

New Fishery Activities

The main opportunities here are in:

- Direct investment and/or transfer of technology, technical assistance, and equipment and input supply for ***breeding of sturgeons, eels and other species***, taking advantage of the environmental conditions of the water bodies of the Río Negro basin.

- Transfer of technology, technical assistance, and equipment and input supply for ***aquaculture*** activities in the country's coastal and inland waters.

- Transfer of technology, technical assistance, and equipment and input supply for the catching of traditionally unexploited species (***crustaceous –such as crab-, mollusks, etc.***).

- ***Transformation of Traditional Fishery Activities***

The main opportunities are available in:

- Technical assistance in the design of ***new strategies for the fishery sector***, towards overcoming the limits and stagnation of traditional activities.

- Transfer of technology, technical assistance and equipment and input supply for the development of ***artisanal fishing***.

- Direct investment and/or transfer of technology, technical assistance, and equipment and input supply to move industrial plants into the third cycle of production (***production of food prepared with fish and other sea products***).

- ***Foreign Trade***

Opportunities are provided by ***distribution in international markets*** of Uruguay's fishery products, both new and traditional, towards opening new markets, which includes the following options:

- in-country processing of species caught elsewhere (using currently idle capacity),

- partial processing in the country of local catches and final re-processing in other markets.

RELEVANT PLAYERS IN URUGUAY'S FISHERY INDUSTRIES

Dirección Nacional de Recursos Acuáticos (ex Instituto Nacional de Pesca) MINISTERIO DE GANADERÍA, AGRICULTURA Y PESCA (National Direction of Water Resources - Ministry of Livestock, Agriculture and Fishery)	Function:	Health and quality certification; Permits and authorizations for fishing and industrial activities; Technical advisory services.		
	Address:	Constituyente 1497 floor 9		
	Telephone:	4004689	Fax:	4013216
	E-Mail:	direcciongeneral@dinara.gub.uy		
	Web:	http://www.dinara.gub.uy		
	Directors:			
	Director:	Cap. Yamandú Flangini		
	Assistant Director:	Cap. Jorge Cambiaso		

Cámara de Industrias Pesqueras del Uruguay (Chamber of Fishery Industries of Uruguay)	Function:	Trade association representing the interests of fishery companies		
	Address:	Misiones 1408 floor 4		
	Telephone:	9159060	Fax:	9159060
	E-Mail:	cipu@adinet.com.uy		
	Directors:			
	President:	Cr. Marcelo Molina		
	Director:	Claudio Ruiz		
	Director:	Juan Settin		

Cámara de la Marina Mercante Nacional (National Merchant Marine Chamber)	Function:	Trade association representing the interests of fishery companies		
	Address:	Misiones 1381		
	Telephone:	9153541 – 9152803	Fax:	9153541
	E-Mail:	mercante@adinet.com.uy		
	Directors:			
	President:	Ing. Mer. Fernando Capurro		
	Secretary:	Jorge Magnano		
	Managers:			

	General:	Alvaro Ardao

Fripur S.A.	Activity:	Fish processing; Food production; Fishing		
	Owned by:	100% National private capital		
	Address:	Av. Gral. Rondeau 2260		
	Telephone:	9243112	Fax:	9243129
	E-Mail:	fripur@adinet.com.uy		
	Web:	http://www.fripur.com		
	Directors:			
	President:	Máximo Fernández		
	Vice-President:	Alberto Fernández		

Cetoil S.A.	Activity:	Fish processing; Fishing		
	Owned by:	100% National private capital		
	Address:	Inclusa 1150		
	Telephone:	3083831	Fax:	3083963
	E-Mail:	cetoil@montevideo.com.uy		
	Managers:			
	General:	Juan Carlos Calvelo		

Novabarca S.A.	Activity:	Fish processing; Fishing		
	Owned by:	100% National private capital		
	Address:	Treinta y Tres 1334 / 401		
	Telephone:	9170236	Fax:	9170108
	E-Mail:	novabarca@hotmail.com		
	Directors:			
	Director:	Eduardo Estellano		
	Director:	Ricardo Piñeyro		

Suadrio S.A.	Activity:	Fish processing		
	Owned by:	100% National private capital		
	Address:	Isla de Flores 1794 floor 3		
	Telephone:	9030578	Fax:	9029254
	E-Mail:	suadrio@serrana.com.uy		
	Directors:			
	Director:	Carlos Amaro Flores		

Pesquerías Belnova S.A.	Activity:	Fish processing		
	Owned by:	100% Foreign private capital		
	Address:	Convención 1511 / 001		
	Telephone:	9021717	Fax:	9020695
	E-Mail:	pbelnova@belnova.com.uy		

	Directors:	
	President:	Cr. Victor Eduardo Tarigo
	Director:	Dr. Manuel Fernández de Sous
	Managers:	
	General:	Ing. Carlos Ramón Varela

Esturiones del Río Negro S.A.	Activity:	Sea snail catching and exporting		
	Owned by:	100% National private capital		
	Address:	Rmbla. 25 de Agosto de 1825 410		
	Telephone:	9152235	Fax:	9152236
	E-Mail:	esturionesdelrionegro@k-bell.com		
	Web:	http://www.caviaruruguay.com.uy		
	Directors:			
	Director:	Walter Alcalde		
	Managers:			
	General:	Román Alcalde		